



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# **Health Policy Commission Board Meeting**

**April 3, 2019**



## **AGENDA**

- **Call to Order**
- Approval of Minutes from February 13, 2019 Meeting
- Committee Composition (VOTE)
- Market Oversight and Transparency
- Schedule of Next Board Meeting
- Executive Session (VOTE)



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**VOTE:** Approving Minutes

**MOTION:** That the Commission hereby approves the minutes of the Commission meeting held on February 13, 2019 as presented.



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# Proposal: Committee Composition for CDT and MOAT

## CARE DELIVERY TRANSFORMATION

*Primary Policy Aim: Promote an efficient, high-quality system with aligned incentives*

### **Committee Members**

Mr. Martin Cohen (Chair)

Dr. Donald Berwick

Secretary Marylou Sudders/ Ms. Lauren Peters (designee)

Dr. John Christian Kryder

**Ms. Barbara Blakeney**

### **Focus Areas**

- Certification programs (ACO, PCMH)
- Investment programs (CHART, HCII, SHIFT-Care)
- Learning and dissemination activities
- Program evaluation
- Expansion of alternative payment methodology (APM)
- Alignment and improvement of quality measurement
- Office of Patient Protection (OPP)
- Research (e.g., APM, behavioral health integration, opioid crisis)

# Proposal: Committee Composition for CDT and MOAT

## MARKET OVERSIGHT AND TRANSPARENCY

*Primary Policy Aim: Strengthen market functioning and system transparency*

### Committee Members

Dr. David Cutler (Chair)

Mr. Richard Lord

Mr. Renato Mastrogiovanni

Secretary Michael Heffernan/ Ms. Elizabeth Denniston (designee)

**Mr. Timothy Foley**

### Focus Areas

- Evaluation of market changes (MCNs, CMIRs)
- Benchmark establishment and monitoring
- Performance Improvement Plans (PIPs)
- Post-transaction reviews
- Registration of Provider Organizations (RPO)
- Research (e.g., pharmaceutical spending, out of network billing, facility fees, provider price variation)



## **AGENDA**

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- **Market Oversight and Transparency**
  - Potential Modification of the Health Care Cost Growth Benchmark (VOTE)
  - Performance Improvement Plans
- Schedule of Next Board Meeting
- Executive Session (VOTE)

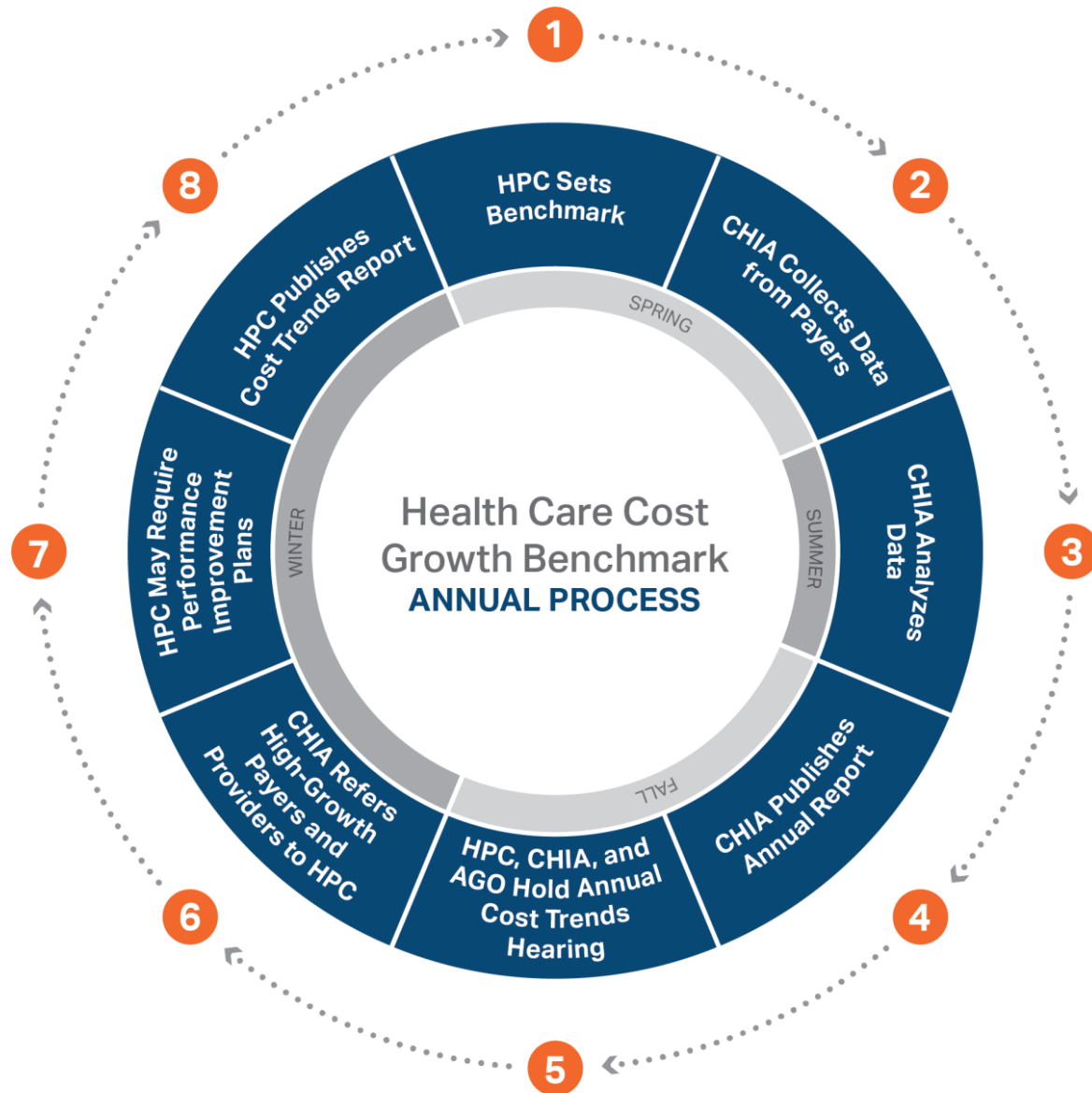




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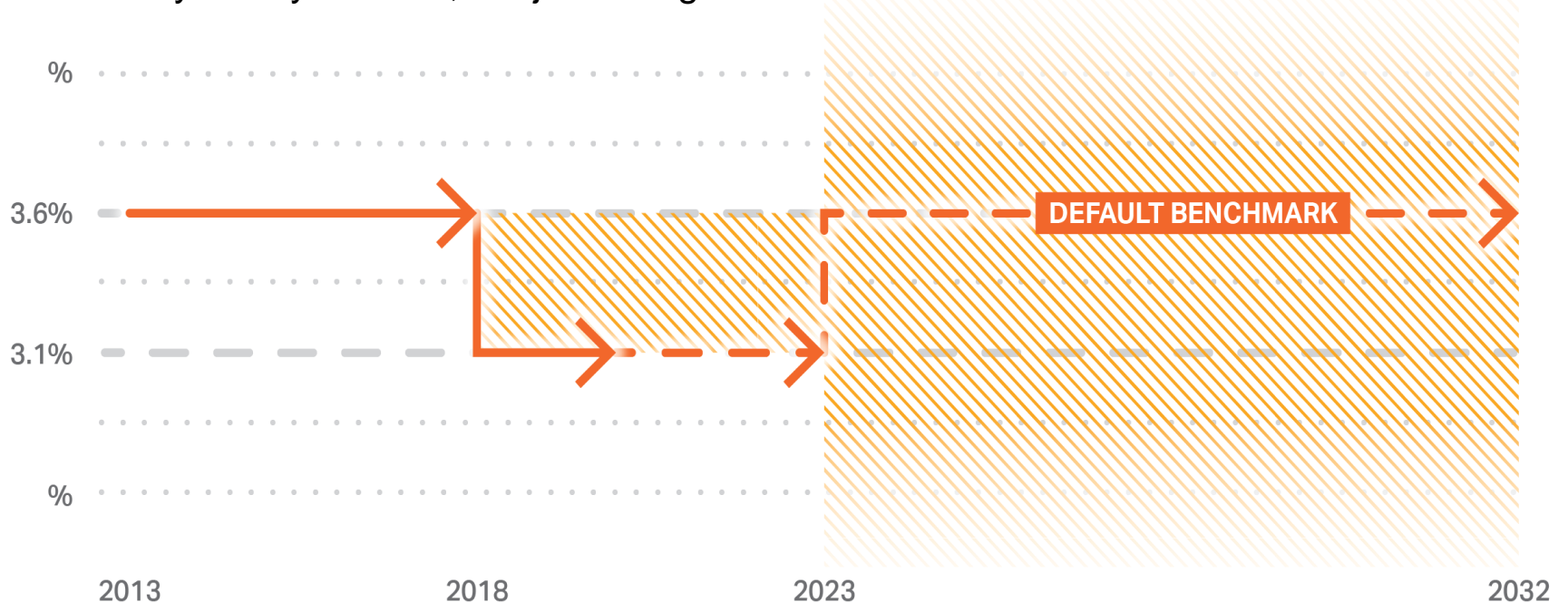
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# Annual Timeline to Establish the Health Care Cost Growth Benchmark and Evaluate the State's Performance



# The HPC's authority to modify the benchmark is prescribed by law and subject to potential legislative review

- **Years 1-5:** Benchmark established by law at PGSP (3.6%).
- **Years 6-10:** Benchmark established by law at a default rate of at PGSP minus 0.5% (3.1%); HPC can modify the benchmark up to 3.6%, subject to legislative review.
- **Years 10-20:** Benchmark established by law at a default rate of PGSP; HPC can modify to any amount, subject to legislative review.



 HPC Authority to Modify Benchmark

 Default Benchmark

## Benchmark Modification Process – Key Steps

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### HPC PROCESS TO MODIFY

- The HPC's Board must hold a **public hearing** prior to making any modification of the benchmark.
- Hearing must consider **data** and **stakeholder testimony** on whether modification of the benchmark is warranted.
- Members of the Joint Committee on Health Care Financing may participate in the hearing.
- If the HPC's Board votes to maintain the benchmark at the default rate of 3.1%, the **annual process is complete**.
- If the HPC's Board votes to modify the benchmark to some number between 3.1% and 3.6%, the HPC must submit notice of its intent to modify the benchmark to the Joint Committee **for further legislative review**.

### LEGISLATIVE REVIEW

- Following notice from the HPC of an intent to modify, the Joint Committee must hold a public hearing within 30 days.
- The Joint Committee must submit findings and recommendations, including any legislative recommendations, to the General Court within 30 days of hearing.
- The General Court must act within 45 days of public hearing or the HPC Board's modification of the benchmark takes effect.

## Benchmark Modification Process – 2019 Timeline

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**December 31, 2018**

3.6% PGSP established in consensus revenue process

**March 13, 2019**

Public hearing of HPC's Board and Joint Committee on potential modification of benchmark

**April 3, 2019**

**HPC Board votes whether to modify benchmark**

**If the Board votes to modify, it submits notice of intent to modify to Joint Committee on Health Care Financing**

**April 15, 2019**

Statutory deadline for Board to set benchmark

**April 2019**

Joint Committee holds a hearing within 30 days of notice

**May 2019**

Joint Committee reports findings and recommended legislation to General Court within 30 days of hearing; the Legislature has 45 days from hearing to enact legislation which may establish benchmark; if no legislation, then the Board's vote to modify takes effect

## Key Takeaways from Submitted Testimony on the Benchmark

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- 1 Massachusetts total health care expenditures (THCE) per capita grew 1.6% from 2016 to 2017, below both the health care cost growth benchmark and national growth rates.
- 2 The majority of organizations testifying at the hearing stated support for the 3.1% benchmark. The remainder did not provide a position.
- 3 Pharmaceutical drug costs continue to be cited as a major cost driver outside of the control of payers or providers.
- 4 Providers expressed concerns that the benchmark has, at times, been inappropriately utilized as a cap on prices during contract negotiations.
- 5 Some organizations testified that provider price variation remains unaddressed and poses a threat to the benchmark.
- 6 Even with constrained THCE growth, employers and consumers are experiencing major challenges with affordability and rising costs.

## Summary of 2020 Testimony

Organization	Position
Associated Industries of Massachusetts	3.1%
Association for Behavioral Healthcare	No position stated
Atrius Health	3.1%
Conference of Boston Teaching Hospitals	3.1%
Greater Boston Interfaith Organization	3.1%
Health Care For All	3.1%
Lawrence General Hospital	No position stated
Massachusetts Association of Ambulatory Surgery Centers	No position stated
Massachusetts Association of Health Plans	3.1%
Massachusetts Health and Hospital Association	3.1%
Mental Health Legal Advisors Committee	No position stated
Massachusetts Medical Society	3.1%
Massachusetts Nurses Association	3.1%
National Federation of Independent Business	No position stated
Steward Health Care System	3.1%
Wellforce	3.1%



**VOTE:** 2020 Health Care Cost Growth Benchmark

**MOTION:** That, pursuant to G.L. c. 6D, § 9 (c), the Commission hereby establishes the health care cost benchmark for calendar year 2020 as \_\_\_\_\_, subject to the further process set forth in G.L. c. 6D, § 9 (d).

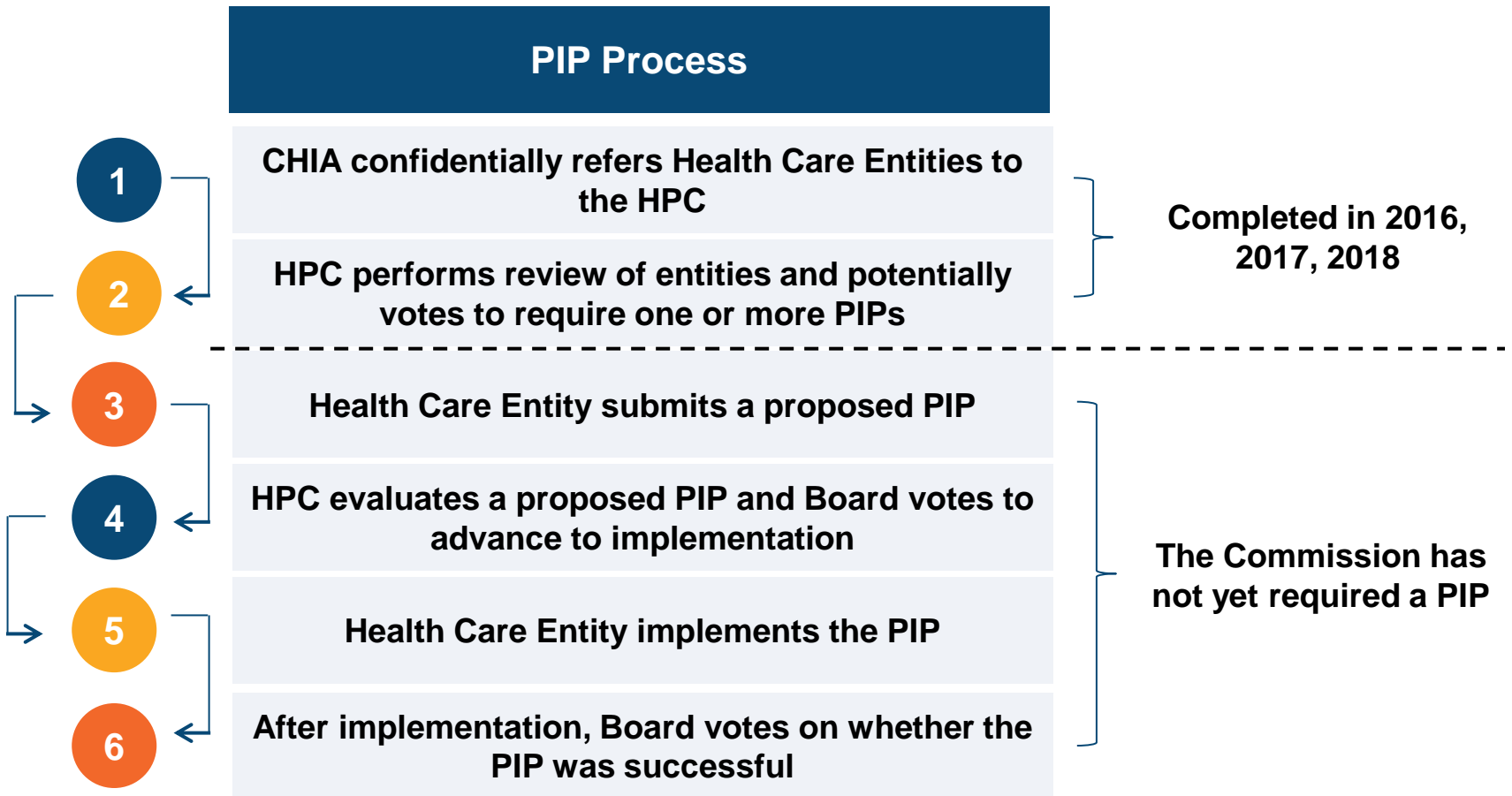




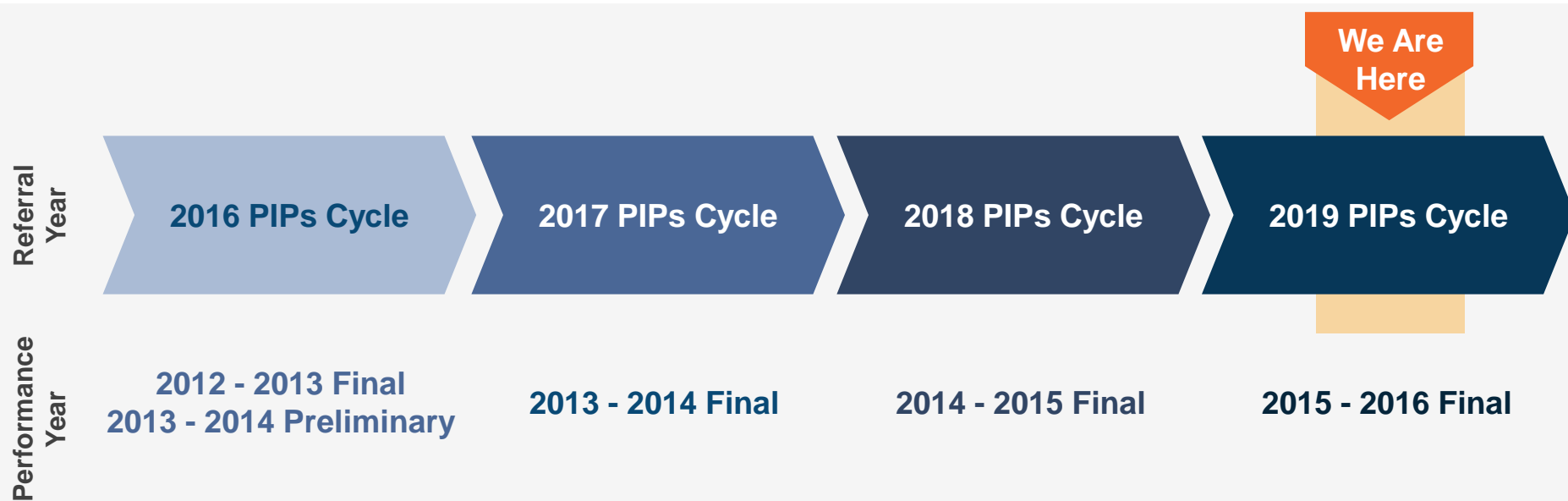
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# Overview of PIPs Process



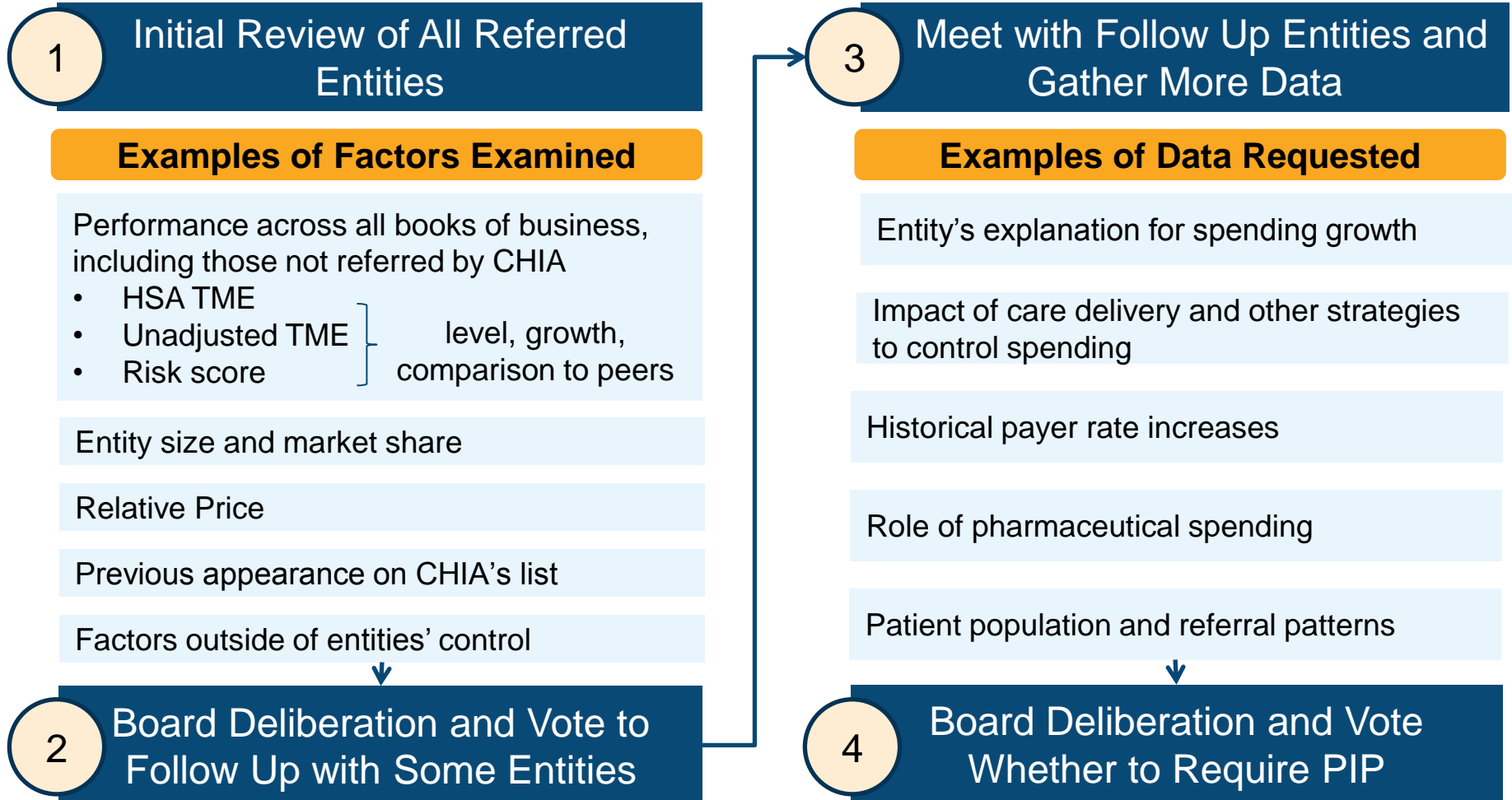
## Performance Improvement Plans: Program History



- At the request of payers and providers, **CHIA uses only final data** for referral
- This results in a **3-year data lag** that may not reflect the entity's current performance
- The HPC offers entities an **opportunity to provide more recent data** as part of its review process, and the HPC and CHIA are **exploring ways to reduce the data lag**

# HPC Entity Review Process

## Commissioner Engagement Throughout



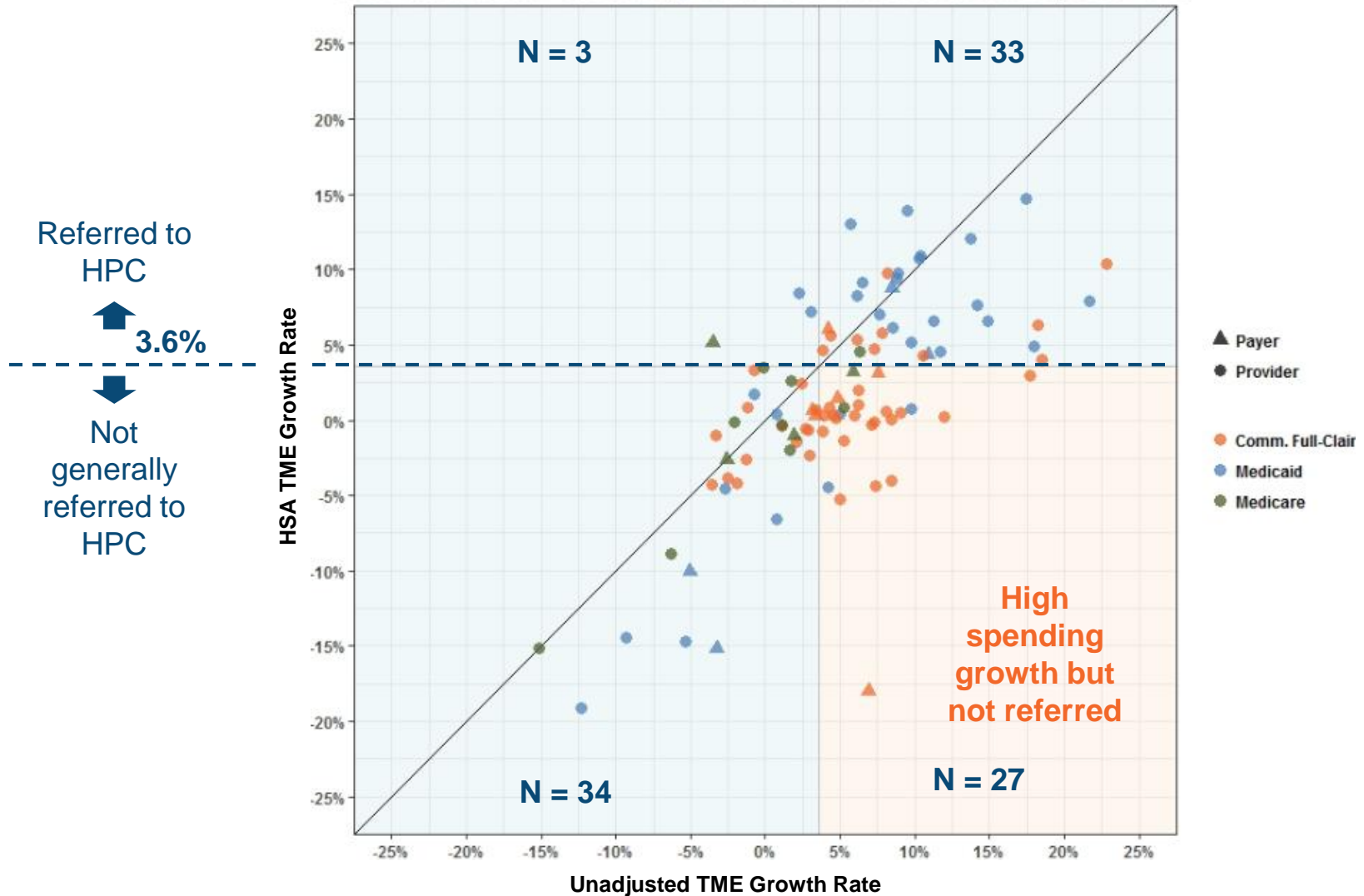
## Trends in the 2019 PIPs Cycle

Of the **35 referred providers** and **6 referred payers**, most were referred for their performance in a single contract or book of business.



# Trends in the 2019 PIPs Cycle

HSA TME vs TME Growth by Contract or Book of Business, 2015-2016



The number of referred contracts or books of business shown on this slide does not reflect the actual number of referrals for two reasons: 1. Cases where TME or HSA TME growth is > |25%| or member month growth is > |10%| are not shown on this chart; 2. CHIA refers some contracts or books of business with HSA TME growth below 3.6% in accordance with its published referral methodology.

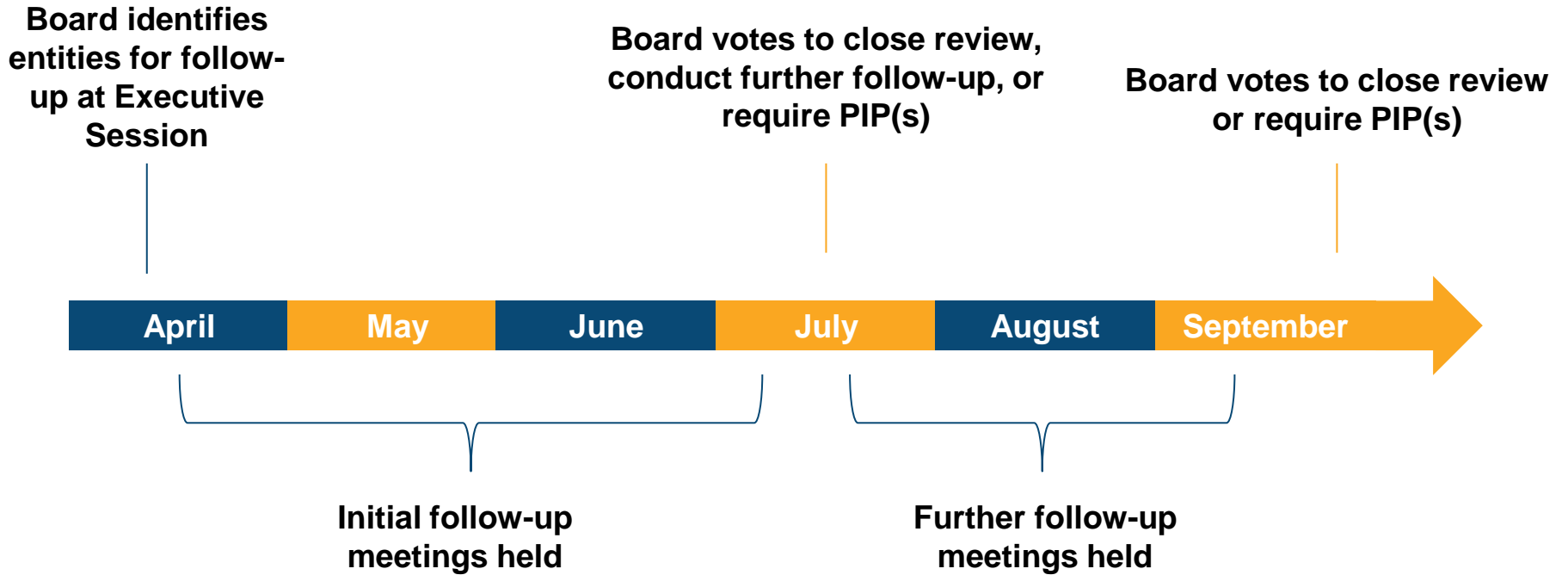
# Health Status Adjustment Masking Spending Growth

## Sample Calculation

	Year 1	Year 2	Growth
Unadjusted TME	\$450	\$486	8%
Risk Score	1.45	1.54	6%
Adjustment:	\$450 / 1.45	\$486 / 1.54	
HSA TME	\$310	\$316	2%

- The HPC continues to observe that health status adjustment is **masking growth in real-dollar spending** and allowing some entities with high unadjusted spending growth to **avoid HPC scrutiny**.
- In some cases, increased risk scores may reflect factors such as **increased coding intensity rather than actual changes in patients' health status** and the expense of caring for them.
- These issues are systemic and may impact Massachusetts' ability to **meet the benchmark, which is not risk adjusted**.
- The HPC and CHIA are considering ways to address these concerns in future PIPs cycles.

# PIPs Timeline



All dates are approximate





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- Executive Session (VOTE)

# Upcoming 2019 Meetings and Contact Information



## Board Meetings

Wednesday, March 13 – Benchmark Hearing  
Wednesday, April 3  
**Wednesday, May 1 (1:00 PM)**  
Wednesday, July 24  
Wednesday, September 11  
Monday, December 16



## Committee Meetings

Wednesday, February 27  
Wednesday, June 5  
Wednesday, October 2  
Wednesday, November 20



## Contact Us

Mass.Gov/HPC  
 @Mass\_HPC  
[HPC-Info@state.ma.us](mailto:HPC-Info@state.ma.us)



## Special Events

**2019 Cost Trends Hearing**  
Day 1 – Tuesday, October 22  
Day 2 – Wednesday, October 23



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- **Executive Session (VOTE)**

**VOTE:** Executive Session

**MOTION:** That, having first convened in open session at its April 3, 2019 board meeting and pursuant to G.L. c. 30A, § 21(a)(7), the Commission hereby approves going into executive session for the purpose of complying with G.L. c. 6D, § 10 and its associated regulation, 958 CMR 10.00, G.L. c. 6D, § 2A, and G.L. c. 12C, § 18, in discussions about whether to require performance improvement plans by entities confidentially identified to the Commission by the Center for Health Information and Analysis.